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Title:

ALP talk regarding 'effective free competition in business in Australia'.

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A.L.P. TALK - 16/5/60.

In an earlier talk in this series I gave some instances to show how far there was effective free competition in business in Australia. Tonight I want to give a few more.

You know I am sure how our morning daily is constantly peddling the idea that we have before us two alternatives - government enterprise which it says means regimentation and bureaucracy and free enterprise which it blithely assures us is what we've largely got today. This view, as the Advertiser well knows, is nonsense.

In very few areas of industrial and commercial activity today is entry into enterprise, or the conduct of enterprise, freely competitive. It is true to say that the directors of enterprise today see that greater profits are to be made from combination, price, maintenance and exploiting the market by mutual arrangement, than can possibly be made from competition. And so the tendency in Australia is to amalgamate to form manufacturers', wholesalers' and retail traders' associations, to enforce price maintenance agreements and to fleece the public in happy combination. This tendency produces one of the inflating pressures to which our economy is subject.

Now where combinations, cartels and associations work in this way it can't possibly be said that the result is the greatest benefit to the community. To ensure that the economy remains sound and that the ordinary people do not have the value of their savings taken from them by inflation, and that fair prices are maintained, intervention in one form or another is often necessary. But immediately it is proposed there is straightway an anguished shriek from the Advertiser which claims that the people's liberty is being interfered with. That of course is nonsense. In order to protect the liberty of the many, it is sometimes necessary to restrict the anti-social activities of the few. It is the licence of the profiteer, not the liberty of the ordinary citizen, which the

Advertiser seeks so constantly to protect.

Let me turn to a few cases. In the U.S.A. that haven of "private enterprise" the field of iron and steel production is competitive. Indeed it is so in every major steel producing country - except Australia. Australia has some of the richest high-grade iron ore deposits in the world and they are all controlled by one concern - The Broken Hill Pty. Co. and its subsidiaries. Now it is true that Australian steel is of good quality and is reasonably cheap but the fact remains that although we could produce more Australia still imports steel from overseas. Why? Because the B.H.P. whose concern is to ensure the welfare of its shareholders, not that of the general public, but of course that is not the B.H.P.'s concern. Its concern, as I've said, is to maintain the maximum return to its shareholders, and they think it safer not to expand to take the whole of the Australian market with cheap Australian steel, which is not faced with the heavy freights paid to bring overseas steel here. So private monopoly control of the industry and the public interest do not co-incide.

Let us take another example. The General Motors Corporation of America has invest^{ed}/in this country about 1½ million pounds. For this outlay they now have an industry in Australia worth well over 70 million pounds and which makes a profit on paid up capital of well over 200% per year. How have they done it. They were given a protected market through high import duties on overseas cars in order to build up a people's car industry in this country. They have exploited the market so given them to make excessive profits for the American owners. Again, the private interests of the owners are not consistent with the public good which requires the supply of Australian cars at more reasonable prices.

Here's another example.

Recently a commission in New South Wales found that price or price agreements were made between numbers of woolbuyers so that the price of wool at wool sales was adversely affected.

This obviously was to the detriment of Australia - if our woolgrowers receive a smaller wool cheque the Australian national income decreases.

It is possible to go on giving long lists of this sort of thing. But if the welfare of the Australian people is to be the basis of our government, governments should take action.

There are two hurdles to action. The first is that another cartle, the Australian Press has become so tightly organised and is so uniformly opposed to Governmental interference with large business interests that the public gets peddled the tune I mentioned at the outset - the tune that any Governmental restrictions upon the depredations of big business is interfering with the people's liberty - and the public is also deprived of that information upon which it must relay to form an opinion to the contrary. Allied to this is the activity of the big business political party in Australia - the L.C.L., which acts as the political organ to see that our really effective rulers, the directorates of large concerns are protected from interference in their little plays.

The other hurdle is even greater. The Commonwealth Constitution of Australia - that mass of absurd dead wood - prevents any Governmental authority in Australia from taking action to prevent any of the abuses I have mentioned. It is so complicated an affair that few people in Australia, including most of its politicians don't know the full implications of the Constitution's provisions so that it is very difficult to persuade the Australian people to do anything about it. The reason most referenda to change the constitution and allow Governments to put into effect the policy for which they are elected are refused is that a large body of people in Australia follow the maxim - when in doubt vote "No." Thus because of Section 92 of the Constitution no Government can interfere with any matter involving interstate trade and

commerce - and so since the B.H.P., General Motors and the Wool Sales all do involve interstate trade the chance of any Government taking action to protect the public is nil.

No wonder the Advertiser talks of the Constitution in awed tones as if it were some sacred cow.

Goodnight.